

# Memo



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**Date:** July 29, 2011

**To:** Administrators, Eligible Hospitals,  
Other Interested Parties

**From:** Doug Benson, Supervisor  
Primary Care and Financial Assistance Programs  
Office of Rural Health & Primary Care

**Phone:** 651-201-3842

**Email:** [doug.benson@state.mn.us](mailto:doug.benson@state.mn.us)

**Subject:** 2011-2012 Grant Cycle  
Rural Hospital Planning and Transition Grant Program

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Application materials for the **Rural Hospital Planning and Transition Grant Program** will be posted on the Office of Rural Health & Primary Care (ORHPC) website August 5, 2011. Applications are due September 19, 2011. The website address is:

[www.health.state.mn.us/divs/orhpc/funding/index.html](http://www.health.state.mn.us/divs/orhpc/funding/index.html).

In 2005, the Legislature added electronic health records systems as an eligible implementation project. The Legislature also made **hospitals eligible if they are located in a community outside the seven county metropolitan area with a population of less than 15,000**. In 2003, the Legislature eliminated the Sole Community Hospital Grant Program and, in effect, combined the two programs. The Sole Community Hospital Grant Program included financial hardship as an eligibility requirement. The Planning and Transition Grant Program statute provides that the financial condition of the applicant hospital should be considered in reviewing applications and we will be assessing the hospitals' relative financial condition in our review to incorporate the intent of the Sole Community Grant Program. **I strongly advise you to speak to the financial situation of your hospital in the application** sections titled "Hospital and Service Area Overview and Problem Statement."

Please call me with any questions as you consider applying or while you are working on your application.

# **2011-2012 Rural Hospital Planning and Transition Grant Program**

## **Grant Application Guidelines Minnesota Department of Health (MDH) Office of Rural Health & Primary Care**

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The purpose of this document is to help you prepare an application for funds to preserve access to health services in rural areas through the Rural Hospital Planning and Transition Grant Program. This document has three sections:

1. The first explains the funding source and background for the program.
2. The second provides instructions concerning the preparation of the application.
3. The third section summarizes the criteria for evaluating grant applications.

### **Section I - Rural Hospital Planning and Transition Grant Program**

#### **BACKGROUND**

Minnesota Statutes Section 144.147 authorizes the Commissioner of Health to award grants to eligible hospitals. The grant program assists small (50 or fewer beds) rural hospitals and their communities in (1) Developing strategic plans for preserving access to health services and (2) Implementing transition projects to modify the type and extent of services provided.

The Rural Hospital Planning and Transition Grant Program is designed to preserve access to health services in rural areas. Funding is available to support the planning or implementation of projects that improve community access to hospital or health services and address the:<sup>1</sup>

- Changes in service populations
- Demand for, availability of and upgrading of ambulatory and emergency services
- Extent that the health needs of the community are not currently being met by other providers in the service area
- Need to recruit and retain health professionals
- Integration of health care services and coordination with local community organizations.

Applicants are encouraged to develop innovative approaches to addressing these needs, including downsizing unnecessary inpatient capacity (including the development of consortia of hospitals that propose closure and conversion in over-bedded areas), developing networks for shared services, developing alternative health delivery capabilities or expansion of needed services in underserved areas, etc.

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<sup>1</sup> The statute allows for expenses related to designation as a Critical Access Hospital (CAH) to be an eligible grant activity; however, since the period for CAH designation sunset in December 2005 we no longer provide grant funding to support this activity.

## APPLICATION INSTRUCTIONS

### A. Eligible Applicants

Eligible applicants are small, rural hospitals that fulfill all of the following criteria:

1. Non-federal, not-for-profit, general acute care hospitals; **and**
2. Located in a rural area, as defined in federal Medicare regulations, Code of Federal Regulations, title 42, section 405.1041, **or** located in a community with population of less than 15,000, according to the U.S. Census Bureau statistics, **and** outside the seven county metropolitan area; **and**
3. Have 50 or fewer beds.

### B. Duration of Funding

Projects awarded funding will be approved for a period of one year (12 months). The anticipated start date of grant agreements for successful applicants is January 20, 2012.

### C. Total Available Funding

The Minnesota Legislature has appropriated \$300,000 in Fiscal Year 2012.

A grant to a hospital, **including hospitals that submit applications as consortia**, may not exceed \$50,000. Few grantees are awarded the maximum amount. In recent years the average grant amount has been between \$25,000 and \$35,000.

### D. Timeline

Application due to MDH	<b>September 19, 2011</b>
Community Health Board (CHB)	
No later than:	<b>September 19, 2011</b>
MDH receives comments from the CHB:	<b>October 19, 2011</b>
Grant Award Announcement Date	<b>November 30, 2011</b>
Grant Agreements Begin	<b>January 20, 2012</b>

**Note:** The legislation establishing this grant program gives the Community Health Board (CHB) 30 days in which to review and comment to the Commissioner on grant applications, therefore, a copy of the application must be submitted to the relevant Community Health Board for the community health services area in which the hospital is located **no later than September 19, 2011**. Contact information for Community Health Boards can be found at:

<http://www.health.state.mn.us/divs/orhpc/funding/grants/pdf/chb.pdf> (PDF: 17KB/2pgs)

## Section II - Preparing the Application

### A. Grant Program Requirements

*The minimum requirements* for developing a strategic plan are established in Minnesota Statutes, Section 144.147, subdivision 2.

Subd. 2. **Grants authorized.** The commissioner shall establish a program of grants to assist eligible rural hospitals...

(a) **Grants may be used** by hospitals and their communities *to develop strategic plans* for preserving or enhancing access to health services. At a minimum, a strategic plan must consist of:

- (1) a needs assessment to determine what health services are needed and desired by the community. The assessment must include interviews with or surveys of area health professionals, local community leaders, and public hearings;
- (2) an assessment of the feasibility of providing needed health services that identifies priorities and timeliness for potential changes; and
- (3) an implementation plan. The strategic plan must be developed by a committee that includes representatives from the hospital, local public health agencies, other health providers, and consumers from the community.

(b) **Grant funds may also be used** by eligible *rural hospitals that have developed strategic plans to implement transition projects* to modify the type and extent of services provided, in order to reflect the needs of that plan. Grants may be used by hospitals under this paragraph to develop hospital-based physician practices that integrate hospital and existing medical practice facilities that agree to transfer their practices, equipment, staffing, and administration to the hospital. The grants may also be used by the hospital to establish a health provider cooperative, a telemedicine system, an electronic health records system, or a rural health care system or to cover expenses associated with being designated as a critical access hospital.

### B. Hospitals Applying as Part of a Consortium

Hospitals that are applying for funding as part of a consortium should submit one consolidated application. In addition to the narrative required below, the application should also contain a narrative summarizing the nature and overall objectives of the consortium project, the roles and impact on each hospital, and the management structure identifying the administrative agent and agency that will ensure a cohesive project among participating hospitals.

### C. Information Required

The following outline and instructions should be used to prepare the grant application and be *submitted in the prescribed order*. Proposals must be typewritten and all pages consecutively numbered. While additional documentation may be submitted, such material should be limited to information of high relevancy to the specific scope and purpose of your proposed project.

## **Application Submission Requirements**

- 1. Table of Contents** including page numbers
- 2. Checklist** (see enclosed)
- 3. Required Forms** (see enclosed)

Applicants are required to complete and submit a Grant Application Form. Complete all items. **One copy of the application must bear an original signature, title and date.** Biographical sketches and the consortium sheet (if applicable) should also be enclosed.

- 4. Governing Body Resolution**
- 5. Accounting System and Financial Capability Questionnaire**

### **D. Program Abstract (1-2 pages)**

- 1. Title of Project**
- 2. Brief Summary, which concisely states the following:**
  - a) Description of your hospital and its service area (e.g., how many available inpatient beds, how many people are served, average daily census, distance to the next nearest hospital and to the nearest tertiary care center, special populations served, financial condition of your hospital and its relation to this request if a consortium applicant)
  - b) Problem Statement
  - c) Goals and objectives of your proposed project. These should be measurable.
  - d) Proposed Activities
    - 1) Description of the activities that your proposed project will be undertaking to achieve its goals and objectives (e.g., conduct needs assessment, undertake planning activities, form coalition).
    - 2) Specifically state whether the grant funds will be used for the development of a strategic plan **or** for the implementation of a transition project.

### **E. Narrative (20 pages maximum)**

A concise application narrative *must not* exceed 20 double-spaced pages in 12-point font, with all pages numbered consecutively.

## 1. Hospital and Service Area Overview

The application must describe your hospital, the services it provides, and the population that it serves. It must describe the hospital's service area and demonstrate that the applicant understands its primary market or service area, and unmet health care needs of the population in its service area.

Documentation such as population census data and hospital census data supporting your hospital's statements must be presented.

**Note:** This section should also include a discussion of your hospital's financial condition as supported by financial statement data.

## 2. Problem Statement

Your application *must clearly describe* the nature of the health service problem(s) in your service area you will be addressing. The narrative should *document* changes in service populations over time, the extent to which health care needs of the community are not being currently met by you or other providers in the service area, and the projected demand for ambulatory and emergency services.

This section must *include your hospital's specific need* for grant funds—the project will not proceed but for the receipt of grant funds (i.e., the “but-for” statement).

## 3. Project Description

The application must clearly explain how the grant funding will be used, what will be accomplished, and the outcomes to be expected. The application must contain a clear statement of achievable objectives, a project workplan, an evaluation plan, and a project timeline.

### a) Objectives of Proposed Project

State the objectives for your project. Objectives are statements of the short-term or intermediate-term outcomes related to improving the health services your proposal is intended to address. Objectives are tangible, specific, measurable and achievable. Goals are long range benefits that are broad in scope. A goal statement describes what will exist if the stated health service problem(s) are solved.

### b) Methods

Present a detailed description of how the goals and objectives will be reached. The methods section should:

1. Demonstrate clearly defined strategies or activities.

2. Provide a timeline for implementation and contain a discussion of your business plan to generate sufficient revenue for maintenance or operation of a new project, initiative or equipment following the grant period.
3. Describe the roles and capabilities of responsible individuals and organizations.

c) Staff Qualifications

Use the enclosed Biographical Sketch form to describe qualifications of only the proposed **key project staff** who will be involved in implementing the project, or a brief description for vacant positions.

**F. Budget**

Grant funds may be used for expenses incurred in the development of strategic plans **or** the implementation of transition projects with respect to which the grant is made.

Project grants **may not** be used for any expenditure or obligation made prior to the date on which a grant agreement becomes effective.

No more than one-third of any grant may be used to offset losses incurred by physicians agreeing to transfer their practices to hospitals.

**1. Budget Form** (see enclosed)

The budget form provides the categories to be used for calculating resources needed for project expenditures.

Identify **all sources** of funding (cash or in-kind match) in addition to state grant funding requested for each budget category.

Prior to the receipt of a grant, the hospital must certify to the Commissioner of the Minnesota Department of Health that **at least one-half of the amount of the total cost of the project**, which may include in-kind services, is available for the same purposes from non-state sources (i.e., **required match**). For example, if the total cost of the proposed project is \$60,000, no more than \$30,000 is eligible for grant funding from this program.

**2. Budget Justification Narrative**

For each of the cost items on the budget form for which grant funds are requested, you must provide a rationale and details relative to how the budgeted cost items were calculated. Label this concise narrative “Budget Justification” and follow the budget form.

a.) **Salary and Fringe**

Describe each position proposed to be paid as part of this project grant, provide the position title, total salary, fringe benefits, FTE, and the basis for the calculation (rationale). Indicate whether grant- or institution-funded.

Include a detailed description of the activities of each position as it relates to the project including the percent of time to be spent on project activities and the amount of salary to be funded by the project budget.

**b.) Travel**

Include a detailed description of the proposed travel as it relates to the completion of the project. Provide the number of miles planned for project activities as well as the rate of reimbursement per mile to be paid from the project funds. **No out-of-state travel** is likely to be funded.

**c.) Supplies**

Include a description of supplies needed for the completion of the project.

**d.) Contracted Services**

For each contract, provide the name of the contractor, components or services to be provided by the contractor, and cost per service, client or unit.

If a subcontractor has been chosen, include background information regarding the subcontractor, including how the subcontractor's previous experience relates to the project. If no subcontractor has been chosen, include a description of the availability of subcontractors for the services and/or products anticipated to be required and the method to be followed to choose a subcontractor.

**e.) Equipment and Capital Improvements**

Include a detailed description of proposed equipment and/or capital improvements as they relate to the completion of the project. If possible, provide itemized costs.

Please note that no portion of the grant may be used to retire debt incurred with respect to any capital expenditure made prior to the grant award.

**f.) Indirect cost reimbursement** is not likely to be funded.

**g.) Other Expenses**

Whenever possible, include proposed expenditures in the categories listed above. If it is necessary to include expenditures in this general category, include a detailed description of the activities as it relates to the project. If possible, include a separate line item budget and budget narrative.

**G. Evidence of Community Support for Proposed Project**

Your application must demonstrate support for the hospital and the proposed project from other local health service providers, the local community, and government leaders. Evidence of such support may include recent commitments of financial support from local individuals, organization and government entities; and pledges of future in-kind services or cash for this project. **Do not include** letters of support, cooperation or commitments from your own hospital staff.

**H. Attachments**

1. Hospitals that have already developed a strategic plan **and** are applying for funding to implement a transition project **must submit** a copy of **the relevant portion** of their strategic plan with their application along with an indication of the project's priority as established in the plan; and
2. A copy of the Governing Board Resolution authorizing submission of the application; and
3. Evidence that the application was submitted to the appropriate Community Health Board (CHB) for review along with any comments the CHB may have made; and
4. Any other **relevant**, supplemental materials (this should be kept to a minimum).

**I. Submission: Applications must be received no later than 4 p.m. on September 19, 2011.**

Submit the original and three copies of the application to:

Doug Benson  
Minnesota Department of Health  
Office of Rural Health & Primary Care  
P.O. Box 64882  
St. Paul, Minnesota 55164-0882

Courier Address:

Golden Rule Building, Suite 220  
85 E. 7<sup>th</sup> Place  
St. Paul, MN 55101

Questions regarding these grant application guidelines should be directed to Doug Benson at 651-201-3842 or 800-366-5424.

**Section III - Criteria for Evaluation**

Factors upon which applications will be evaluated are summarized as follows:

- 1) The degree to which the project will lead to an improvement in community access to hospital or health services;
- 2) Responsiveness to and adequacy of, changes in service to service area population(s) as documented in the application;
- 3) Documented demand for additional ambulatory and/or emergency services;
- 4) The relative merit of the project in terms of the degree to which health care needs identified in the application will be addressed through the project, and degree to which the objectives of the project are achievable;
- 5) The extent to which the health needs of the community are not currently being met by other providers in the service area;
- 6) The need to recruit and retain health care professionals in the service area;
- 7) The extent and evidence of coordination with local community organizations, such as community development and public health agencies;
- 8) The financial condition of the hospital; and
- 9) Administrative capacity of the applicant to undertake the proposed project based, in part, on their performance on previously grant funded projects from the Office of Rural Health and Primary Care and the Minnesota Department of Health.

In determining which hospitals will receive grants, the Commissioner of the Minnesota Department of Health will also consider the following factors: (1) the applicant's description of the problem; (2) adequacy of the description of the project; (3) the likelihood of successful outcome of the project; (4) the nature and extent of community support for the hospital and the proposed project; and (5) the comments, if any, resulting from a review of the application by the Community Health Board (CHB).

### **Scoring System**

In evaluating applications, the commissioner will score each application on a 100-point scale, assigning a maximum of **70 points** for an applicant's understanding of the problem, the adequacy of the description of the project and expected outcomes, and the likelihood of a successful outcome, and a maximum of **30 points** for the extent of community support for the hospital and the proposed project. The commissioner may also take into account other relevant factors.

**2011-2012 Rural Hospital Planning and Transition Grant Program**  
**Minnesota Department of Health**  
**Application Checklist**

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**I. Required Forms**

- A. Cover Sheet
- B. Table of Contents
- C. Grant Application Form
- D. Governing Body Resolution
- E. Accounting System and Financial Capability Questionnaire

**II. Program Abstract** *(1-2 pages)*

**III. Narrative** *(not to exceed 20 double-spaced typewritten pages in 12-point font)*

- 1. Hospital and Service Area Overview
- 2. Problem Statement
- 3. Project Description
  - A. Objectives of the Proposed Project
  - B. Methods
  - C. Staff Qualifications

**IV. Budget and Budget Justification Narrative**

**V. Evidence of Community Support for Proposed Project**

**VI. Attachments**

- 1. Governing Board Resolution**
- 2. Evidence that Community Health Board offered an opportunity to review and comment on application and copies of any comments.**
- 3. Copy of Appropriate Sections of the Hospital's Current Strategic Plan**

**MINNESOTA DEPARTMENT OF HEALTH  
GRANT APPLICATION FORM  
RURAL HOSPITAL PLANNING & TRANSITION GRANT**

Please check appropriate project type:

Strategic Plan Development Project

Implementation of Transition Project

**1. Applicant Hospital** (with which grant contract is to be executed)

Legal Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_

Federal ID Number \_\_\_\_\_ State Tax ID Number \_\_\_\_\_

Ownership Type City \_\_\_\_\_ County \_\_\_\_\_ City/County \_\_\_\_\_ Hospital District \_\_\_\_\_ State \_\_\_\_\_ For-Profit \_\_\_\_\_

**2. CEO of Applicant Hospital**

**3. Fiscal Management Officer of Applicant Hospital**

Name/Title \_\_\_\_\_ Name/Title \_\_\_\_\_

Address \_\_\_\_\_ Address \_\_\_\_\_

Phone \_\_\_\_\_ Phone \_\_\_\_\_

Email address: \_\_\_\_\_ Email address: \_\_\_\_\_

**4. Operating Hospital** (if different from number 1 above)

Name/Title \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Email address \_\_\_\_\_

**5. Contact Person for Project** (if different from number 2 above)

Name/Title \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Email address \_\_\_\_\_

**6. Contact Person for Further Information on Application**

Name/Title \_\_\_\_\_

Phone \_\_\_\_\_ Email address: \_\_\_\_\_

**7. Grant Amount Requested** \_\_\_\_\_ **Amount of Match Offered** \_\_\_\_\_ **Total Project Cost** \_\_\_\_\_

**8. Project Title** \_\_\_\_\_

**9. Copies of this application have been sent to the following Community Health Board \*CHB) for review:**

CHB Agency Name(s) and Address	Date sent
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10. I certify that the information contained herein is true and accurate to the best of my knowledge and that I submit this application on behalf of the applicant organization.

Signature of Authorized Project Sponsor	Title	Date
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**2011 - 2012 Rural Hospital Planning and Transition Grant Program**

**Biographical Sketch for Essential Project Personnel (only)**

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*Provide the following information for all key professional personnel who will be involved in the project.*

*Use continuation pages and follow the same general format for each person*

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*NAME*

*TITLE*

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*ROLE IN PROPOSED PROJECT*

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*EDUCATION*

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*INSTITUTION AND LOCATION*

*DEGREE, YEAR EARNED*

*PROFESSIONAL FIELD*

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*PROFESSIONAL EXPERIENCE*

*(Starting with present position, list training and experience relevant to the proposed project.)*

**Rural Hospital Planning and Transition Grant Program  
State of Minnesota  
Fiscal Year 2012**

**SUGGESTED BUDGET FORM**

Categories	State Funding Requested	Funding from Other Sources	Total
Personnel			
Salaries			
Fringe			
Supplies			
Travel			
Equipment & Capital Improvements			
Consultants/ Subcontractors			
Other			
<b>TOTAL</b>			

Note: The budget must be accompanied by a budget justification narrative that explains each line item. Subcontractors must be identified. If subcontractors have not yet been identified, explain the selection process to be used.

**Applicants must have a match of non-state funds equaling at least one-half of the total cost of the project**, which may include in-kind services. For example, if the total cost of the proposed project is \$60,000, no more than \$30,000 is eligible for grant funding from this program.

Identify all sources of match funding (cash or in-kind) in addition to state funding requested under this grant under the **Funding from Other Sources** column and include a discussion in the budget justification narrative.

## ACCOUNTING SYSTEM AND FINANCIAL CAPABILITY QUESTIONNAIRE

*This is the standard form to be used in order to determine the financial capacity of grant applicants. The creation and implementation of this form is in response to the best practices stated in the Office of Legislative Auditor's report "State Grants to Nonprofit Organizations," January 2007.*

This form should be used for applicant agencies that: are requesting, or will receive, more than \$50,000; are new to state granting; are recently incorporated (five years or less); had previous unfavorable financial performance with federal and/or state funds; had significant audit findings; or for any applicant whose financial capacity is unknown or questionable.

**No applicants will be excluded from receiving funding based solely on the answers to these questions.**

SECTION A: APPLICANT INFORMATION		
1. Organization Name and Address	2. Employer Identification Number	3. Number of Employees Full Time:                      Part Time:
4. When did the applicant receive its 501(c) 3 status? (MM/DD/YYYY)?		
5. Is the applicant affiliated with or managed by any other organizations (Ex. regional or national offices)? <input type="checkbox"/> YES <input type="checkbox"/> NO If "Yes," provide details:  5b. Does the applicant receive management or financial assistance from any other organizations? <input type="checkbox"/> YES <input type="checkbox"/> NO If "Yes," provide details:		6a. Total revenue in most recent accounting period (12 months).  6b. How many different funding sources does the total revenue come from?
7. Does the applicant have written policies and procedures for the following business processes? a. Accounting <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Sure    If yes please attach a copy of the table of contents b. Purchasing <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Sure    If yes please attach a copy of the table of contents c. Payroll <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Sure    If yes please attach a copy of the table of contents		
SECTION B: ACCOUNTING SYSTEM		
1. Has a Federal or State Agency issued an official opinion regarding the adequacy of the applicants accounting system for the collection, identification and allocation of costs for grants <input type="checkbox"/> Yes <input type="checkbox"/> No <i>Note: If a financial review occurred within the past three years, omit Questions 2 – 6 of this Section and 1-3 of Section C.</i>		
a. If yes, provide the name and address of the reviewing agency:		b. Attach a copy of the latest review and any subsequent documents.
2. Which of the following best describes the accounting system? <input type="checkbox"/> Manual <input type="checkbox"/> Automated <input type="checkbox"/> Combination		
3. Does the accounting system identify the deposits and expenditures of program funds for each and every grant separately? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Sure		
4. If the applicant has multiple programs within a grant, does the accounting system record the expenditures for each and every program separately by budget line items? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Sure <input type="checkbox"/> Not Applicable		
5. Are time studies conducted for an employee(s) who receives funding from multiple sources? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Sure <input type="checkbox"/> No Multiple Sources		
6. Does the accounting system have a way to identify over spending of grant funds? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Sure		
SECTION C: FUND CONTROL		
1. Is a separate bank account maintained for grant funds? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Sure		
2. If grant funds are mixed with other funds, can the grants expenses be easily identified? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Sure		
3. Are the officials of the organization bonded? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Sure		
SECTION D: FINANCIAL STATEMENTS		
1. Did an independent certified public accountant (CPA) ever examine the organization's financial statements? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Sure		
SECTION E: CERTIFICATION		
I certify that the above information is complete and correct to the best of my knowledge.		
1. Signature	2. Date                      /                      /	
3. Title		

# 2011 - 2012 Rural Hospital Planning and Transition Grant Program

## Consortium Summary Sheet

*For consortium applications, this form should be completed by each hospital in the consortium.*

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### Hospital Information:

Name of Hospital \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

Zip \_\_\_\_\_

Name of Hospital Administrator \_\_\_\_\_

Phone Number \_\_\_\_\_

**Signature of Hospital Administrator** \_\_\_\_\_

Contact Person - if other than Hospital Administrator \_\_\_\_\_

Phone Number \_\_\_\_\_

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### Title of Project:

Application submitted by:

Individual Hospital \_\_\_\_\_

Hospital Consortium \_\_\_\_\_

Application for:

Development of Strategic Plan \_\_\_\_\_

Implementation of Transition Project \_\_\_\_\_

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### Proposed Project Budget:

For a hospital applying as part of a consortium, these figures should reflect the amounts being requested by this hospital only, not for the consortium.

State Funds Requested \$ \_\_\_\_\_

Matching Funds \$ \_\_\_\_\_

Total Project Costs \$ \_\_\_\_\_

## GOVERNING BOARD RESOLUTION

Be it resolved that:

1) \_\_\_\_\_ apply for a Rural Hospital Transition Grant from  
(name of organization or unit of government)

the Office of Rural Health and Primary Care of the Minnesota Department of Health.

2) \_\_\_\_\_ certifies that it will comply with the  
(organization or unit of government name)

Rural Hospital Transition Grant Program, including the requirements in Minnesota Statutes 144.147

3) \_\_\_\_\_ seeks to enter into a grant contract  
(organization or unit of government name)

with the State of Minnesota if the application is successful.

4) \_\_\_\_\_ is hereby authorized to execute  
(Title of Authorized Official)

contracts and certifications as required to implement the organization's participation in the Minnesota Rural Hospital Transition Grant Program.

I certify that the above resolution was adopted by the \_\_\_\_\_ (Governing Body)

of \_\_\_\_\_ on \_\_\_\_\_.  
(Organization) (Date)

**SIGNED:**

**WITNESSED:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Date)

**STATE OF MINNESOTA  
Office Memorandum**

**DATE:** July 29, 2011

**TO:** Interested Parties

**FROM:** Doug Benson, Supervisor  
Primary Care & Financial Assistance Programs  
Office of Rural Health and Primary Care

**PHONE:** 651-201-3842

**SUBJECT:** Observations From Previous Grant Program Review Cycles

Over the last several years the demand for funds from the Hospital Planning and Transition Grant Program has far exceeded the supply. This intense competition has resulted in an even closer examination of all applications, with the review committee and the department identifying strengths and weaknesses of applications in order to make funding decisions.

Attached are my observations and suggestions regarding issues that in recent review cycles have had an impact on application scoring and selection. I hope you will find this useful and you will call me with questions.

<b>Hospital Planning and Transition Grant Program</b>			
	<b>Issue</b>	<b>Comment or suggestion</b>	<b>Application Section Where Issue Should be Addressed</b>
1.	Need for funds	<p>Applicants who documented a clear, concise, compelling and specific need for grant funds (i.e., stronger “but-for” statements) for their proposed projects fared better than others. Being competitive on this issue included a narrative discussion of the hospital’s financial condition, supported by financial statement data. If there is a local government contribution to the operation of the hospital and/or to the proposed project, it could be important to note.</p> <p>Some applications included projects that had already started or were already scheduled to begin soon. These applications raised questions about whether grant funds were actually needed, since it appeared they would happen anyway without grant funds. Applicants may want to discuss these situations.</p> <p>Some applications requested a grant program contribution to a multimillion dollar campaign or project. Reviewers have sometimes asked whether the grants typically made by this program, averaging historically in the \$20,000 to \$25,000 range, are truly critical to the success of such large projects. Applicants may want to discuss the case for such requests in detail.</p> <p>The grant program regularly receives requests from hospitals that recently completed a multimillion dollar major renovation, update or addition project. These requests often include a statement that the proposed grant project is needed but could not be included and funded in the major project. These proposals raise the question of how high a priority the proposed grant project really is to the hospital. Reviewers are left trying to understand how the proposed grant project can be urgent for the hospital if it did not rank high enough to be included in the major improvement project. Applications that respond to these issues will fare better than others in similar circumstances that do not make a compelling case for grant assistance.</p>	<p>Hospital and Service Area Overview</p> <p>Problem Statement</p> <p>Budget Form and Budget Justification</p> <p>Attachments</p>

2.	Collaboration, coordination and/or partnership	<p>A number of projects proposed new equipment or new uses for facilities that would be shared and/or coordinated with other facilities or providers. Being competitive on this issue included presenting details of the collaboration and attaching letters of commitment and support from proposed partners.</p> <p>On a related issue, applicants who are near other hospitals or service providers who <i>do not propose</i> to coordinate and/or collaborate with neighboring facilities can expect reviewers to wonder why this is not occurring. Being competitive on this issue could involve articulating why collaboration is not proposed and/or appropriate.</p>	<p>Problem Statement</p> <p>Narrative Project Description</p> <p>Attachments</p>
3.	Strategic plan, and capital improvement or facilities plan	<p>Projects that were not related to the strategic direction of the hospital or were not connected to the facilities plan had difficulty. In addition, it is imperative that applicants submit documentation regarding the priority of the project as reflected in their facility master plan(s).</p>	<p>Problem Statement</p> <p>Objectives</p> <p>Attachments</p>
4.	Matching funds issues		
4a.	Affiliate System Issues	<p>Reviewers have raised the issue of contributions from the large systems with which most hospitals have an affiliation. Systems receive value from the referrals and other associations they have with small rural hospitals and clinics. Reviewers have an established expectation that hospital systems should be contributing financially to the proposed projects of their affiliates.</p> <p>Reviewers understand this is not always a realistic expectation. Nonetheless, applicants should (a) discuss the nature of the affiliation (in addition to noting it on the application form); (b) contact their system to ask for support of the project and discuss the system's response; and (c) document the system's position with an exchange of letters in the attachments section of the application</p>	<p>Application Form</p> <p>Application Narrative</p> <p>Budget Form and Budget Justification</p> <p>Attachments</p>

4b	Other match issues	Some applicants included as match in their budget only existing staff costs and related overhead for current activities they would already be doing, with or without the proposed project. This approach to meeting the program's match requirement has the potential to send the message that the project is not important enough for the applicant to commit any new resources, and it also raises the question of how the project will be completed in the event that the grant award is less than was requested.	Budget Form Budget Justification
4c.	Project Income	Some proposed projects have the potential to generate future income for the facility. This issue should be addressed since the need for grant funds should be reduced by the stream of potential income as a result of the implementation of the proposed project.	Narrative Project Description Attachments/Letters
4d	Identifying the source of matching funds	Some applicants list the required amount of local match, but do not identify its source. This may lead reviewers to question or doubt whether the match is truly available or committed. (Minimum match is 50 percent of the total project cost).	Budget Form Budget Justification
5.	Prior Rural Hospital Planning and Transition Grants	Previous Minnesota Department of Health grantees should present the most compelling case possible to demonstrate that their need is more urgent than that of applicants who have not received prior support from this program.	Hospital and Service Area Overview Problem Statement Attachments/Letters
6.	Recipients of prior grant awards from the Office of Rural Health and Primary Care	Previous grantees should address their experience in successfully administering past grant awards from the Office of Rural Health and Primary Care. Grantees who have failed to complete previous grant funded projects in a timely and professional manner (including the submission of all required progress and final reports) may expect that the reviewers will take this into account when reviewing additional grant proposals.	Attachments/Letters
7.	Availability of staff for equipment and technology (e.g., radiology or lab) projects	Some applications propose to add or replace radiology or other equipment with either stand-alone or remote/telemedicine applications. These applications may be unclear about the availability, identity, locations, staffing arrangements or other details about radiologists, technicians or other personnel needed to put the equipment to use. Similarly, applications may propose equipment for more sophisticated pathology tests without providing information on the identity, location or availability of the pathologist needed to achieve the higher level of service the proposed equipment makes possible. This can leave reviewers doubtful that the hospital will be able to utilize the equipment to the fullest potential as proposed in the application.	Narrative Project Description